

Health care spending in Massachusetts

Progress and opportunities

Health Policy Commission

Staff presentation

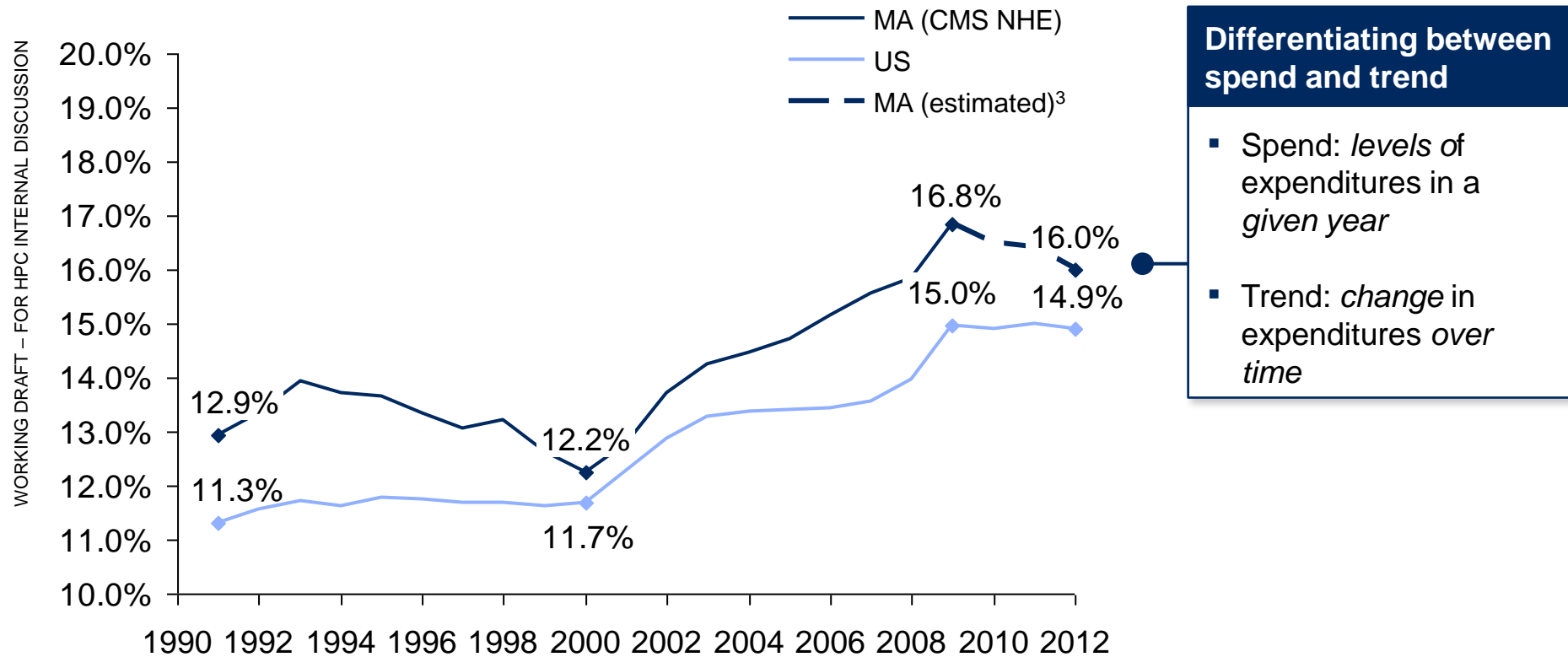
October 1, 2013



Overall trend: Health care spending as a proportion of the economy declined from 2009-2012

Personal health care expenditures¹ relative to size of economy

Percent of respective economy²



1 Personal health care expenditures (PHC) are a subset of national health expenditures. PHC excludes administration and the net cost of private insurance, public health activity, and investment in research, structures and equipment.

2 Measured as gross domestic product (GDP) for the US and gross state product (GSP) for Massachusetts

3 CMS state-level personal health care expenditure data have only been published through 2009. 2010-2012 MA figures were estimated based on 2009-2012 growth rates provided by CMS for Medicare, ANF budget information statements for MassHealth, CHIA, and pre-filed testimony from commercial payers.

Understanding Massachusetts health care expenditures

- **Spend**

- Trend

How does Massachusetts compare to the US?

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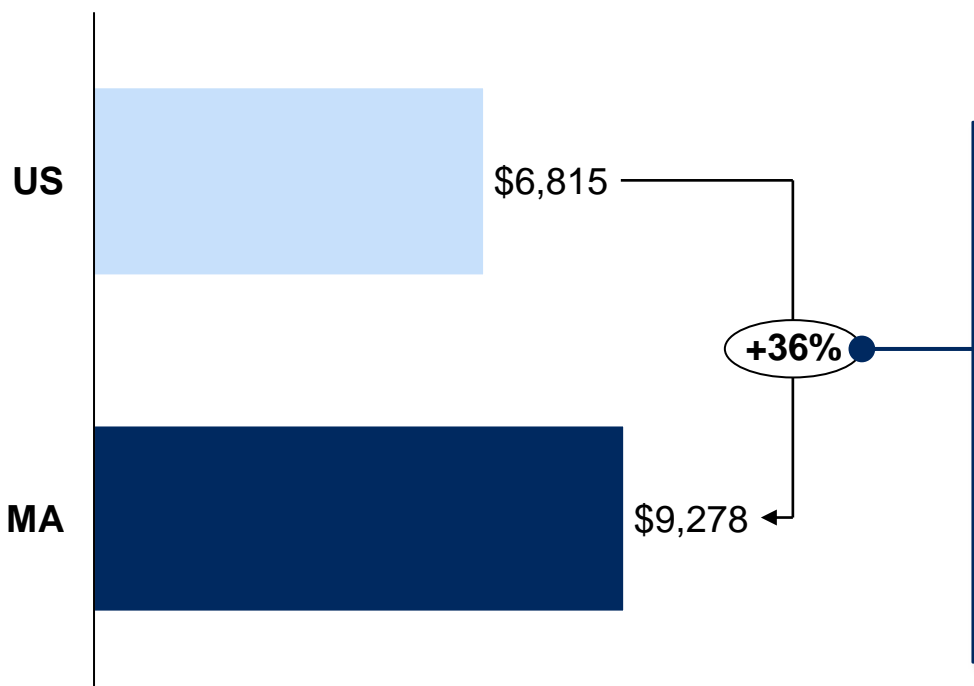
Expenditures
How much do we spend
on health care?

Expenditures: Massachusetts spent 36% more than the US on a per capita basis in 2009

Personal health care expenditures¹

Dollars per capita, 2009

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- Massachusetts spent the most per capita in 2009 (excluding DC)
- Difference for public payers was smaller
 - 8% more for Medicare per beneficiary
 - 21% more for Medicaid per beneficiary
- We can infer a larger difference for non-public spending, where Massachusetts spent *greater than 36%* higher than the US average

¹ Personal health care expenditures (PHC) are a subset of national health expenditures. PHC excludes administration and the net cost of private insurance, public health activity, and investment in research, structures and equipment.

Expenditures: Massachusetts spent more per capita across all categories

US
MA

Personal health care expenditures¹

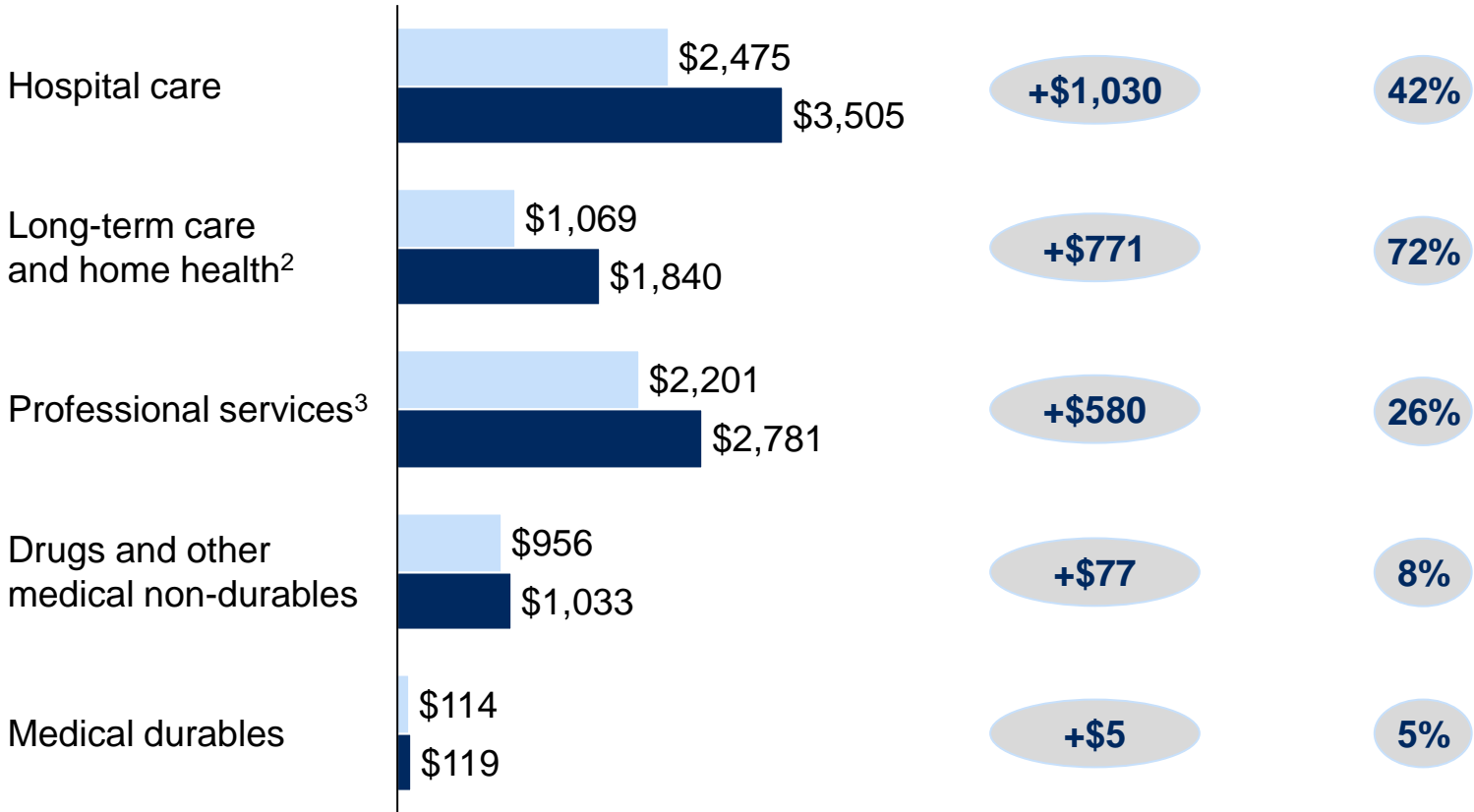
Dollars per capita, 2009

Absolute
difference

Dollars per capita

Relative
difference

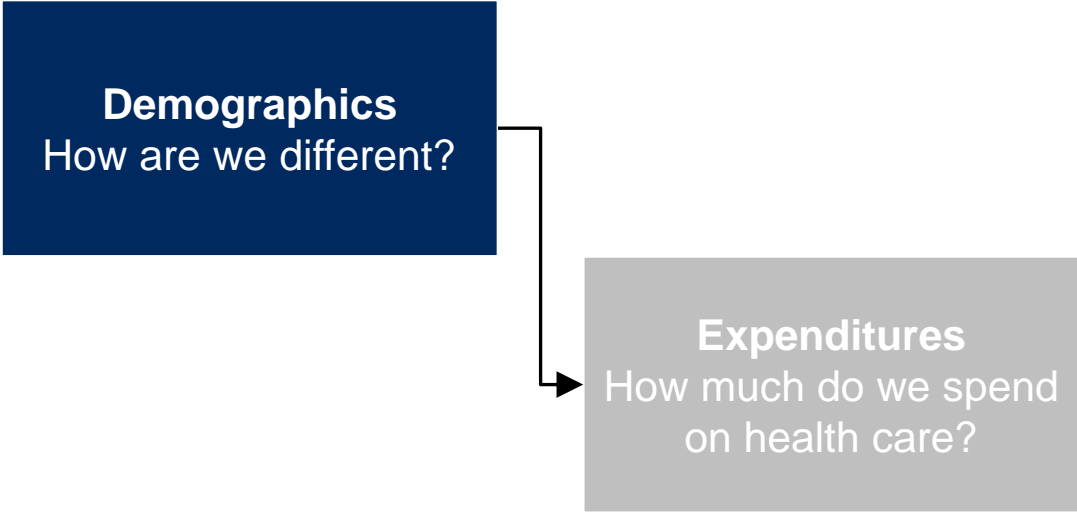
Percent



1 Personal health care expenditures (PHC) are a subset of national health expenditures. PHC excludes administration and the net cost of private insurance, public health activity, and investment in research, structures and equipment.
2 Includes nursing home care, home health care, and other health, residential, and professional care
3 Includes physician and clinical services, dental services, and other professional services

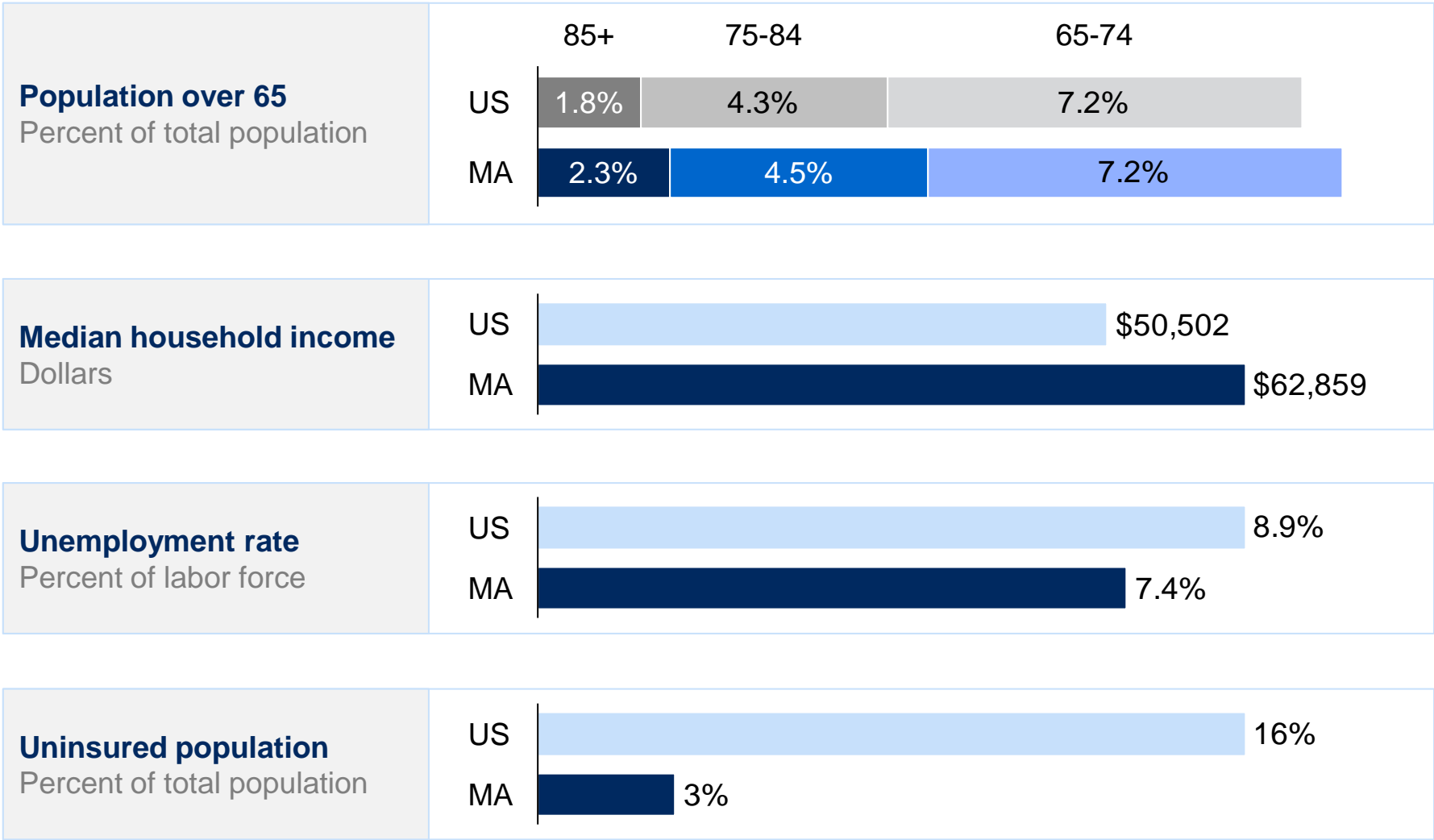
How does Massachusetts compare to the US?

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Demographics: Population is older, wealthier, and almost universally insured

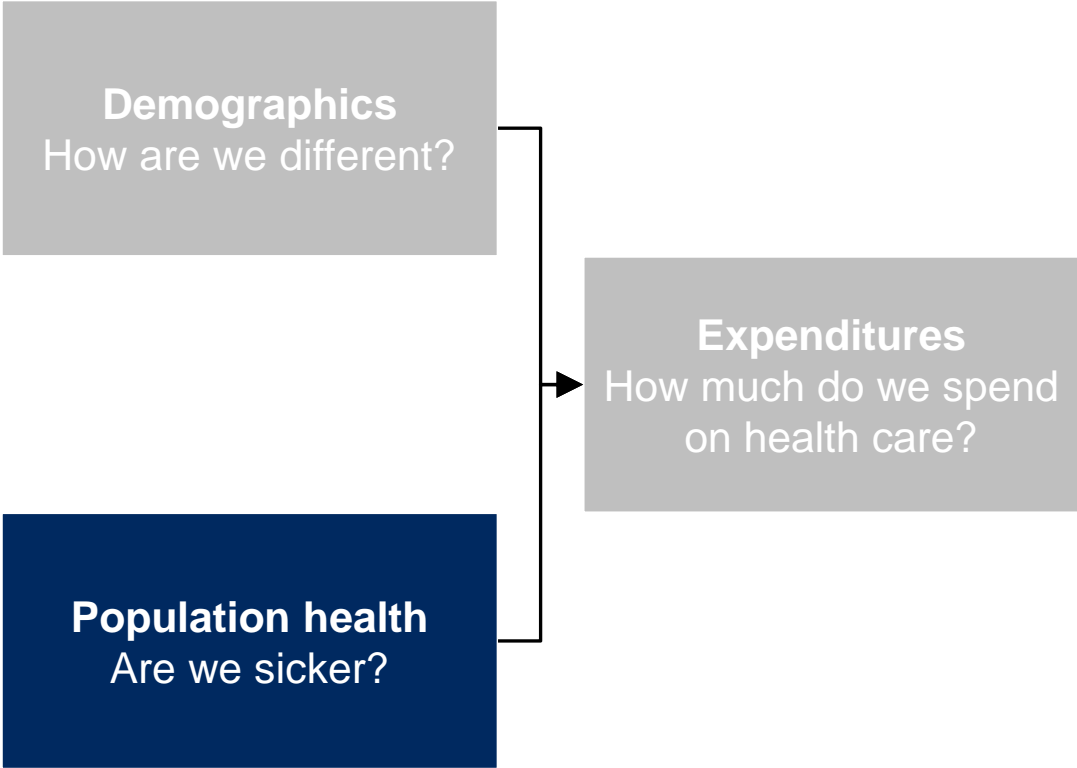
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Note: All data from 2011

How does Massachusetts compare to the US?

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Population health: Massachusetts is healthier than the US

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Overview of population health

2011

		MA	US	MA quartile
Risk factors	Adults current smokers	18.2%	21.2%	1
	Overweight or obese	59.3%	63.5%	1
	Participated in physical activity in past 12 months	76.5%	73.8%	2
Disease prevalence	Diabetes	8.0%	9.5%	1
	Angina / coronary heart disease	3.8%	4.1%	2
	Cancer	12.0%	12.4%	2
	Depression	16.7%	17.5%	2

1

Best quartile

2

2nd quartile

3

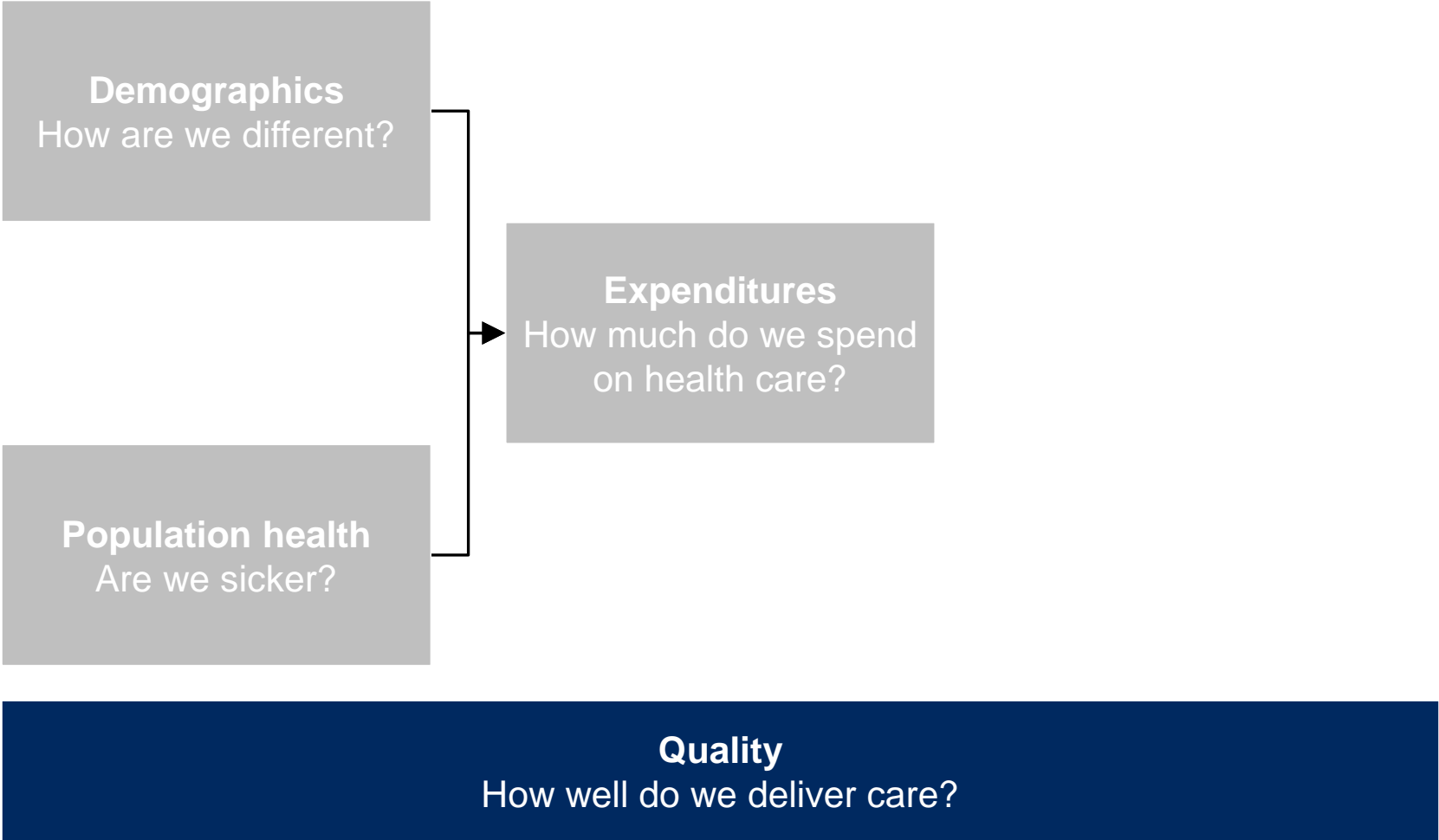
3rd quartile

4

Worst quartile

How does Massachusetts compare to the US?

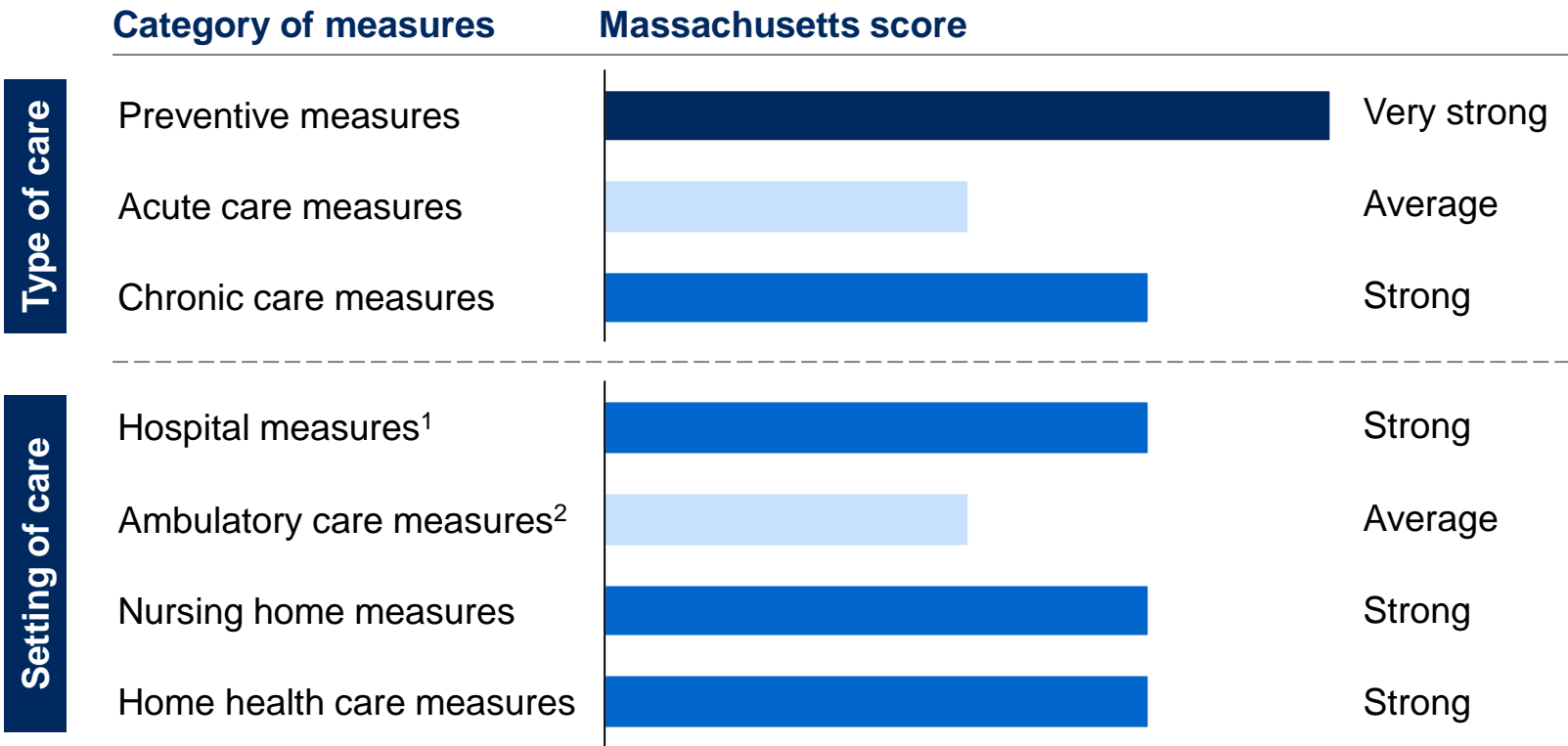
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Quality: Massachusetts performs better than average across quality measures

Massachusetts performance across quality measures

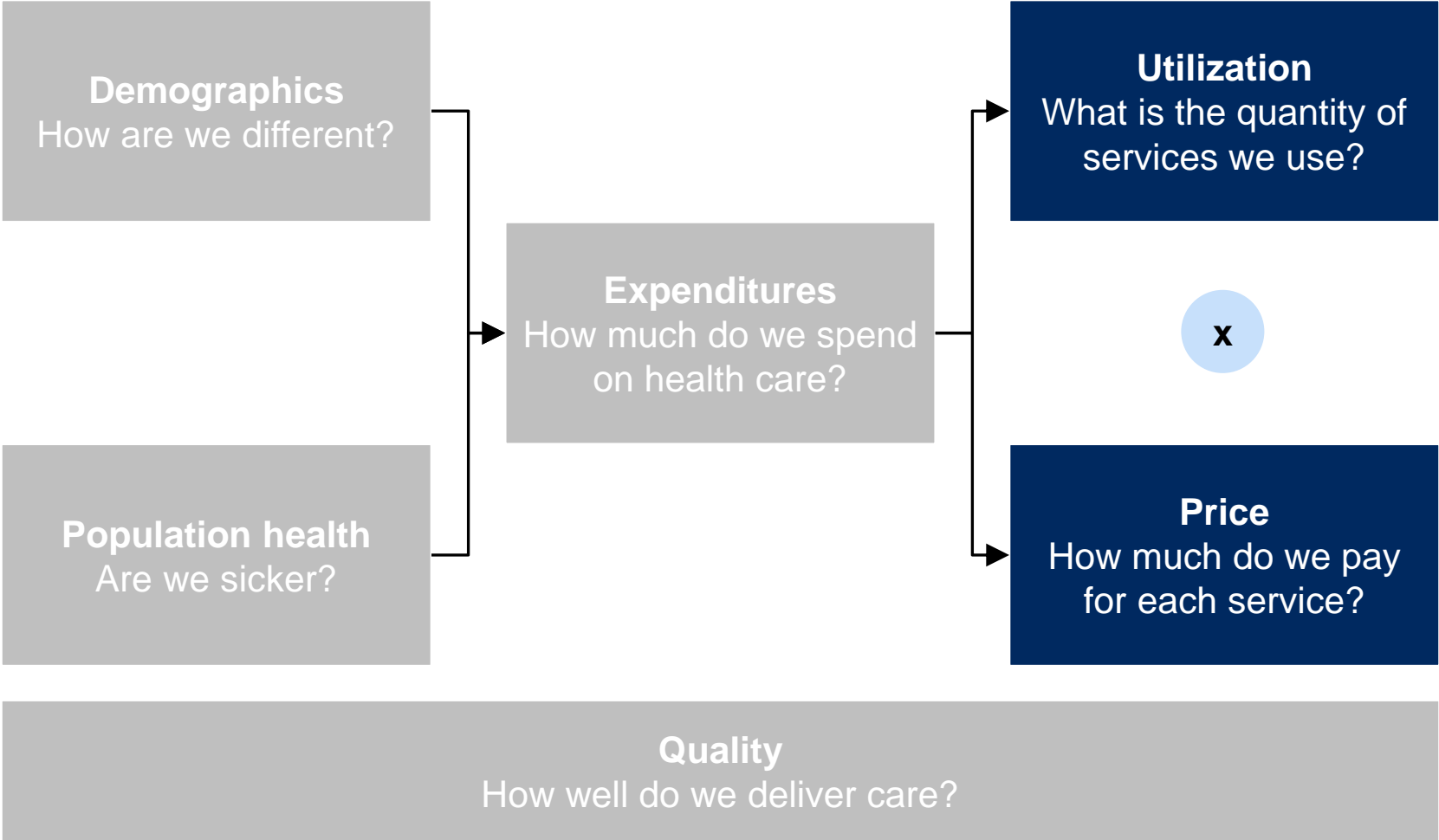
Agency for Healthcare Research and Quality (AHRQ) state snapshot, 2011



1 Covers hospital inpatient measures
2 Covers hospital outpatient measures

How does Massachusetts compare to the US?

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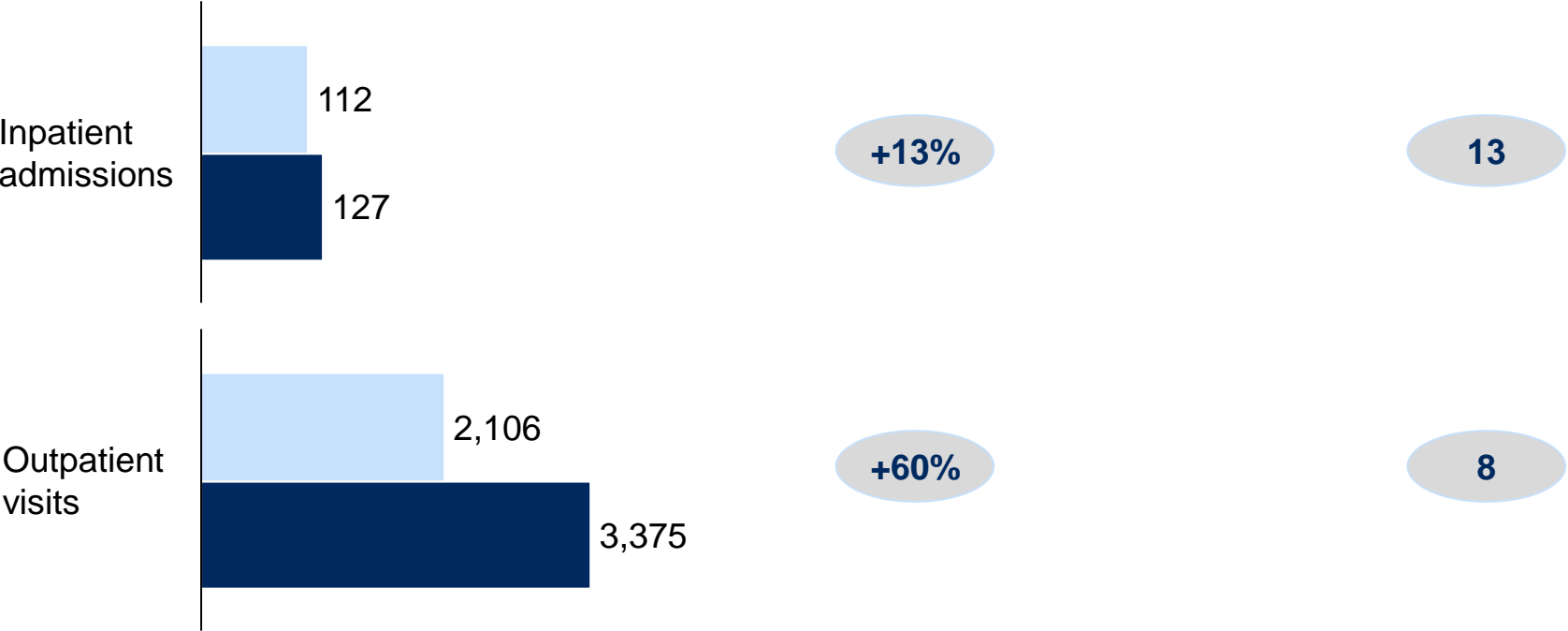
Utilization: Massachusetts utilizes both more inpatient and outpatient hospital care

US MA

Hospital utilization rates across all payers
Per 1,000 persons, 2011

% difference
MA relative to US

State rank¹
Rank 1 = highest



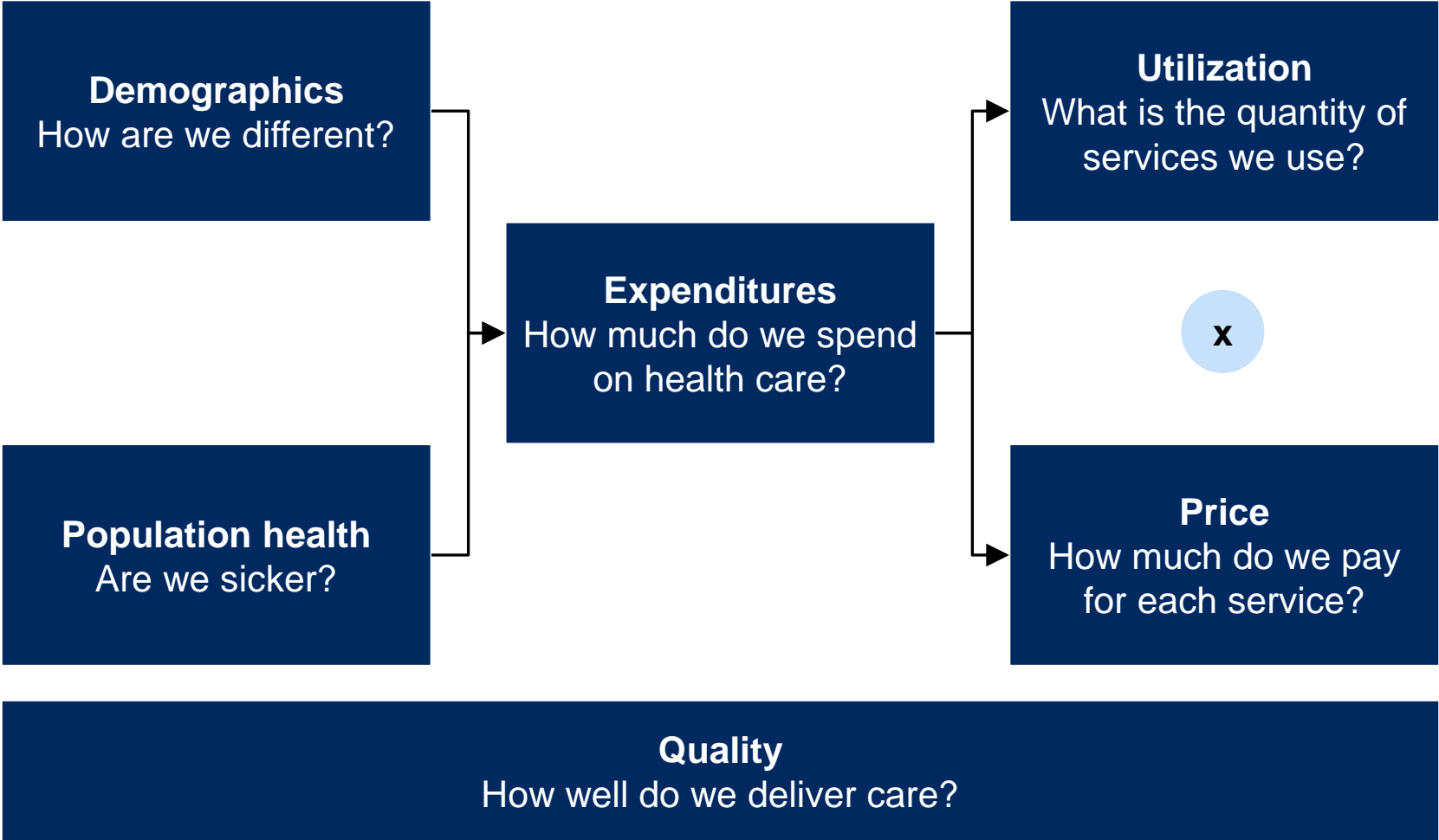
1 Ranked in descending order (1 represents state with highest volume; 51 represents state with lowest volume); includes District of Columbia

Price: An area for further study

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- In contrast to utilization, price is difficult to compare nationally
 - Most states do not report on commercial prices (Massachusetts is on the forefront among states)
 - There are limitations to existing national databases (e.g. inclusion of non-claims payments, breadth of payers included)
 - Still, we believe there are important questions to study on prices
 - Prices reflect operating efficiency and effectiveness of market function
 - Chapter 224 has furthered price transparency for consumers in Massachusetts
 - CHIA's study of relative prices has found significant variation between providers within Massachusetts, with volume concentrated at higher price providers
-

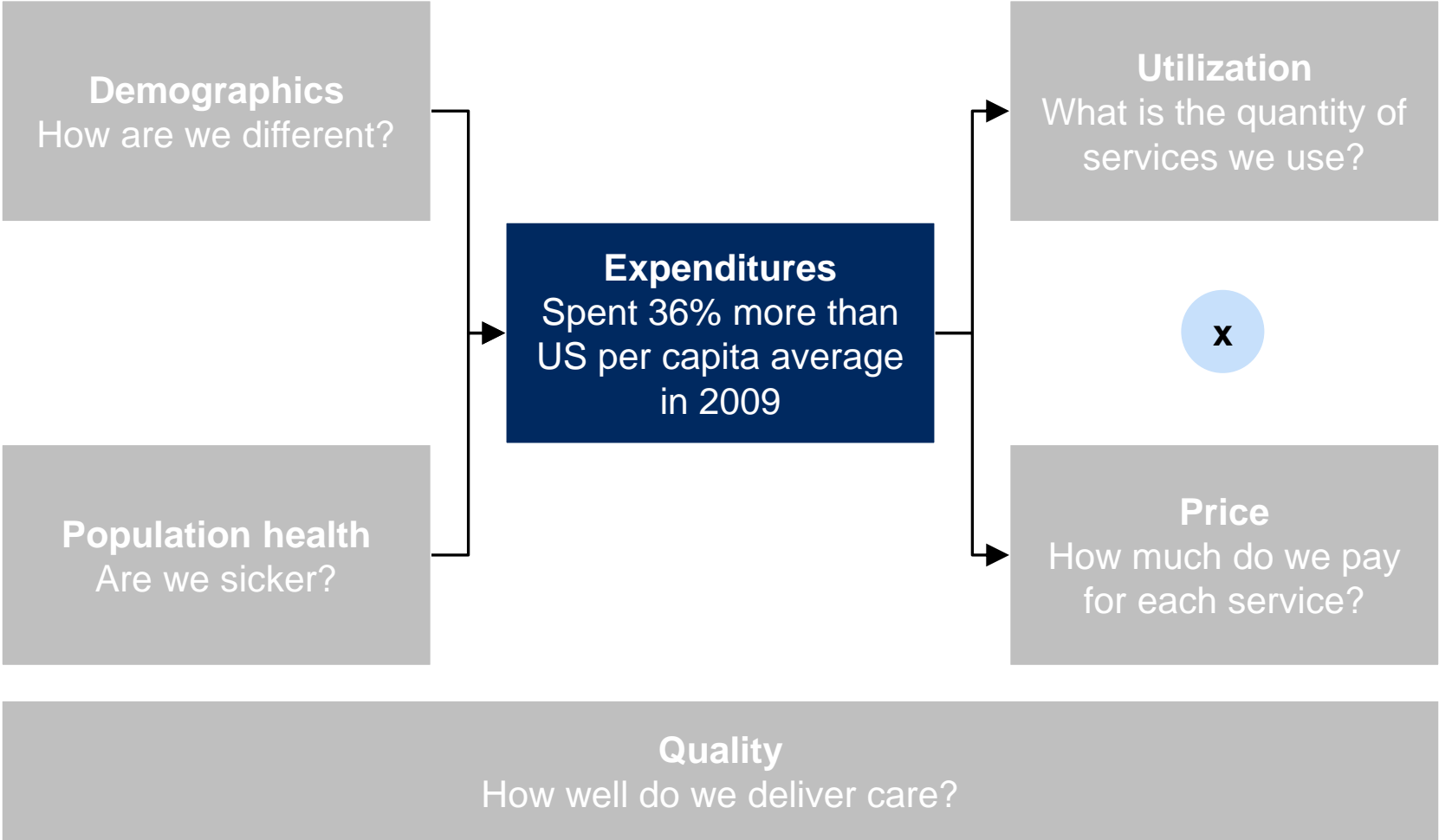
How does Massachusetts compare to the US?

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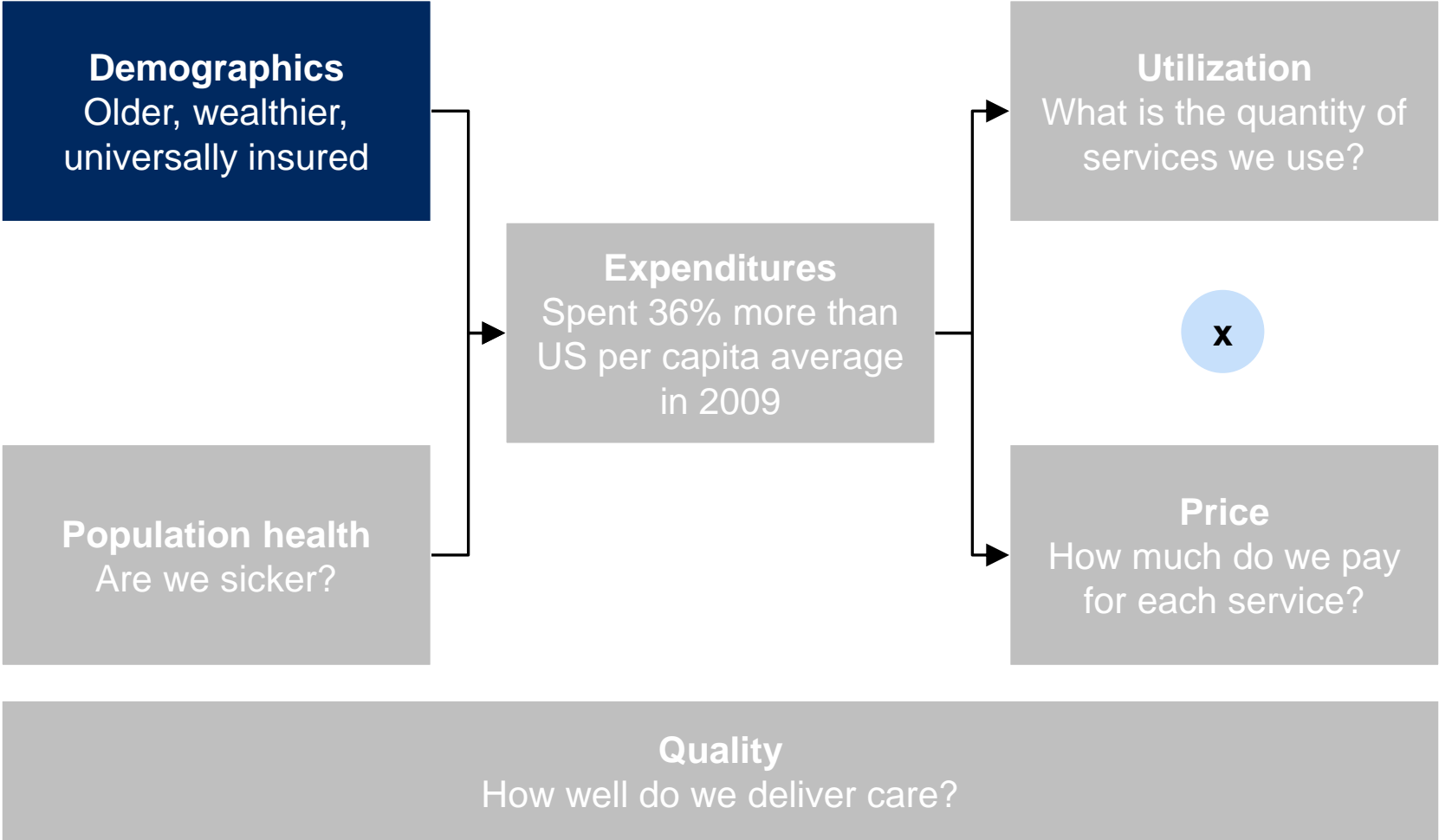
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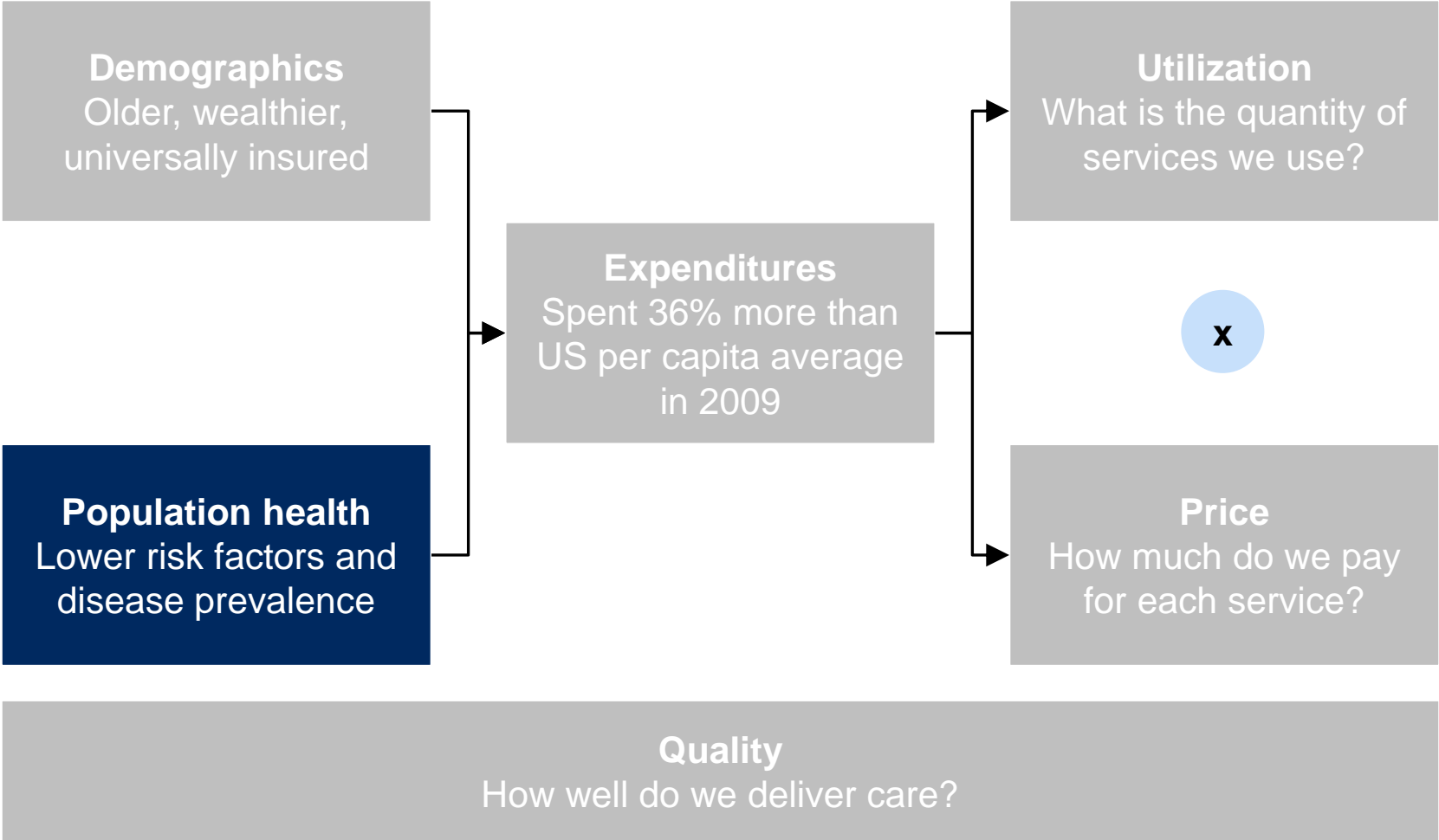
How does Massachusetts compare to the US?

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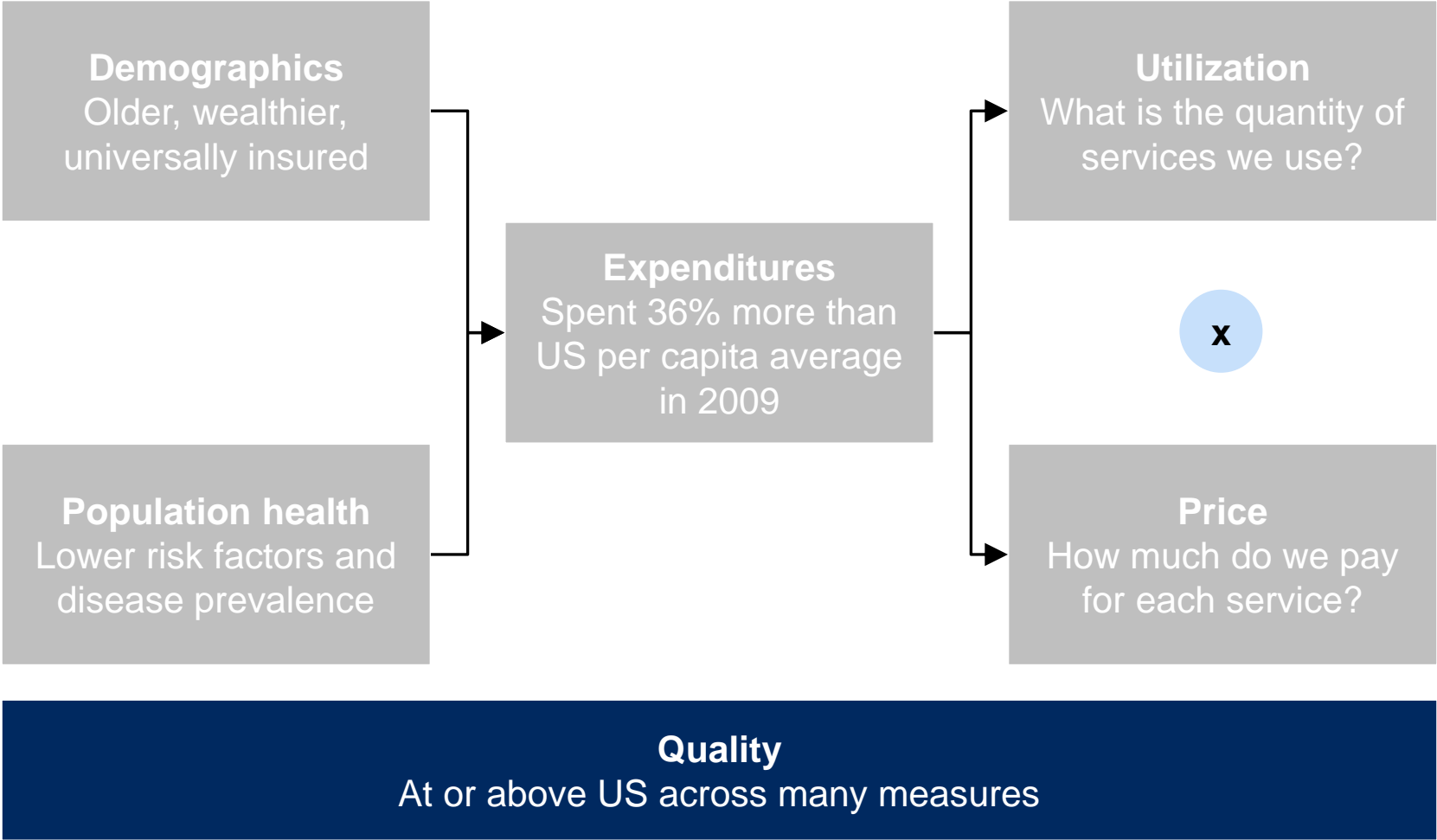
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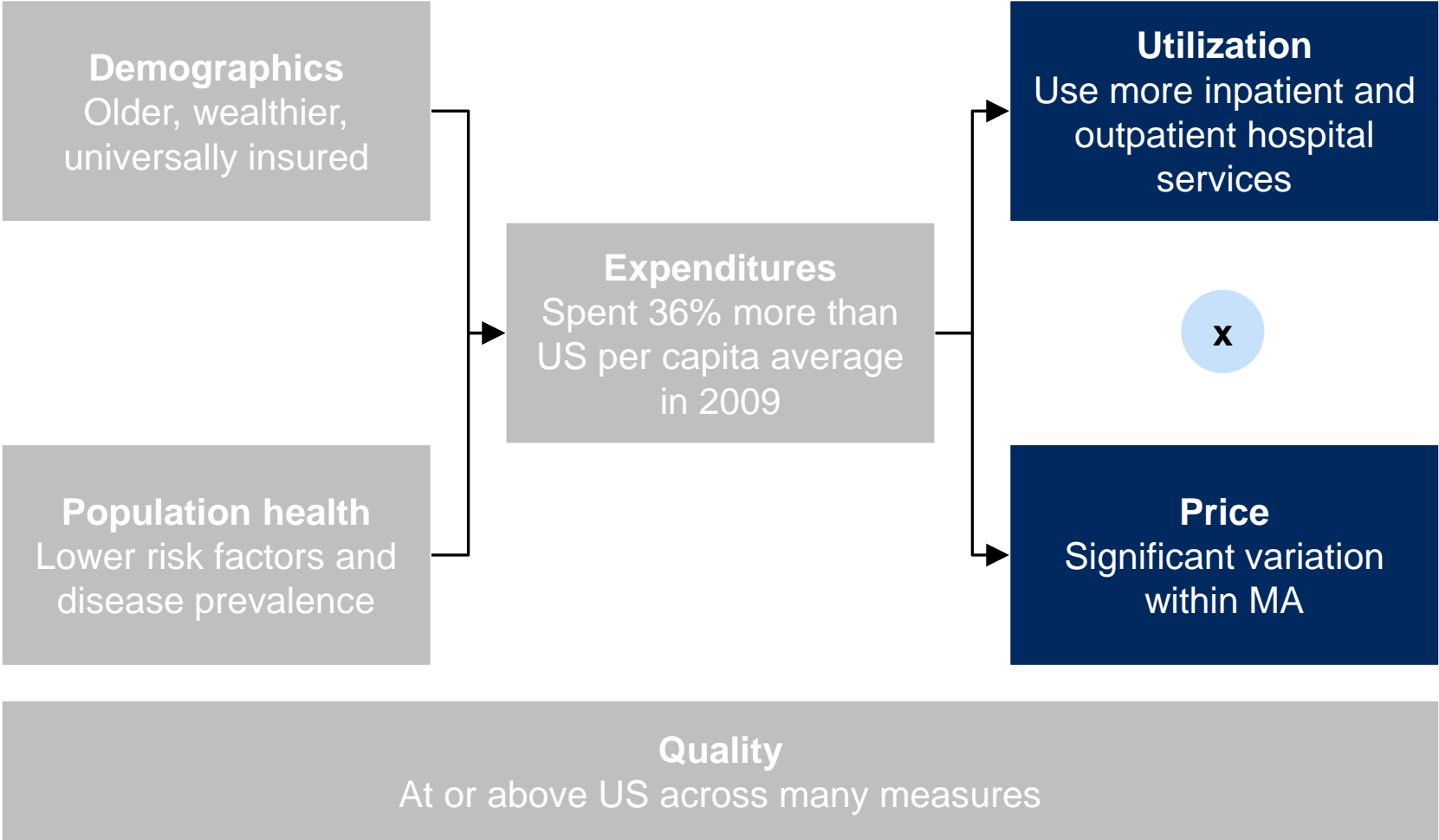
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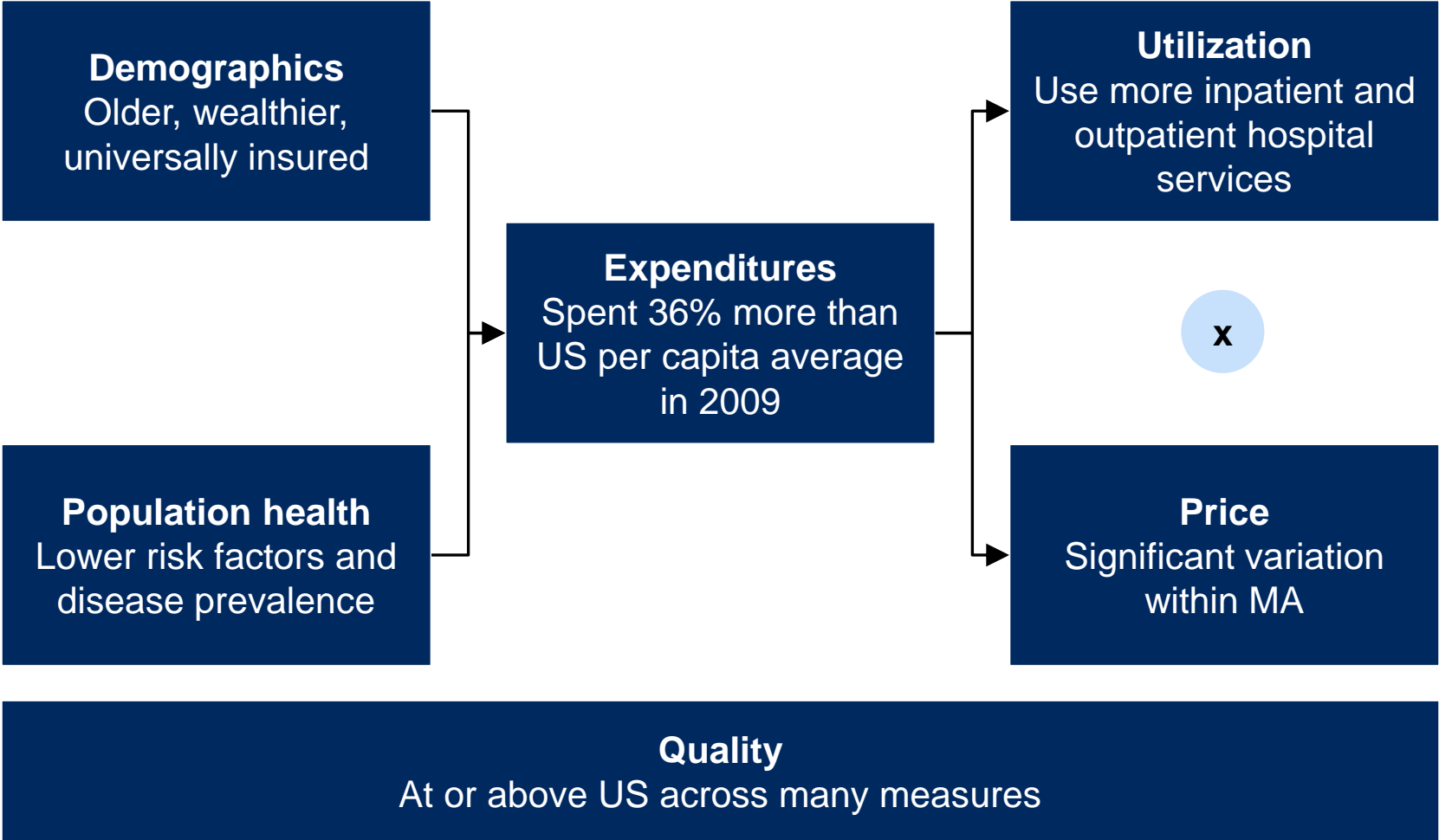
How does Massachusetts compare to the US?

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How does Massachusetts compare to the US?

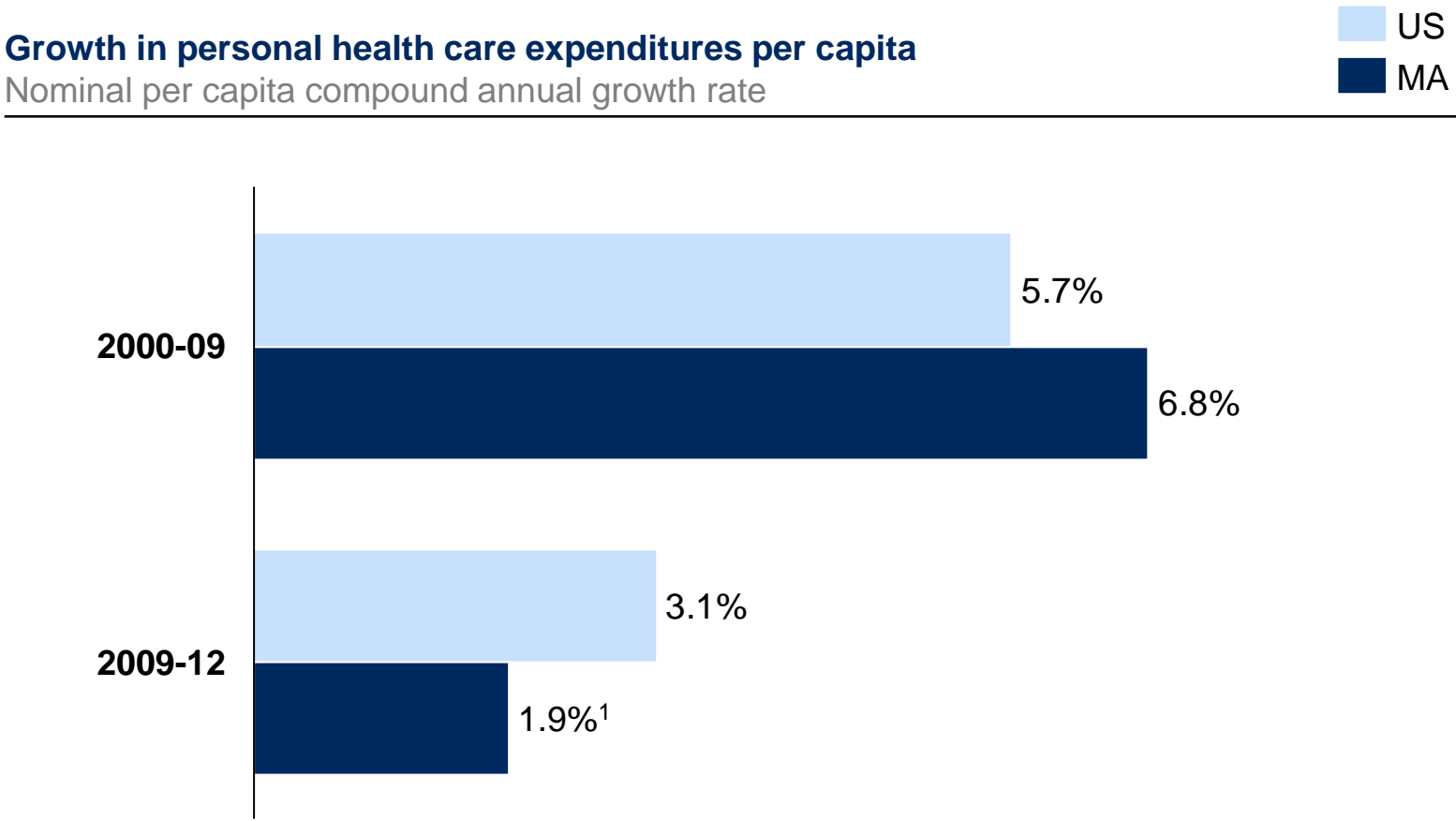
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Understanding Massachusetts health care expenditures

- Spend
- **Trend**

National trend: Recent growth in Massachusetts has been slower than the US as a whole



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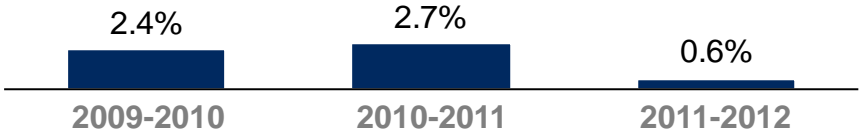
Statewide trend: Growth in health care spending has been low for the past few years across all payer types

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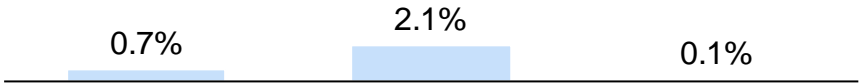
Growth in per member/beneficiary medical expenditures
Annual growth rate

Membership by payer
Millions of persons, 2011

Massachusetts
(all-payer estimate)

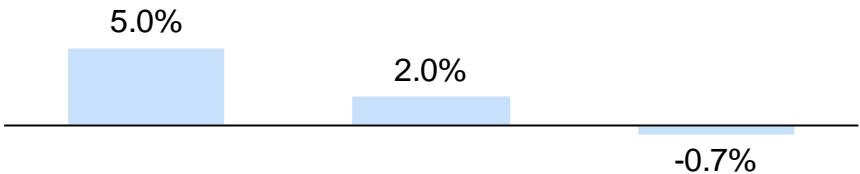


Medicare¹



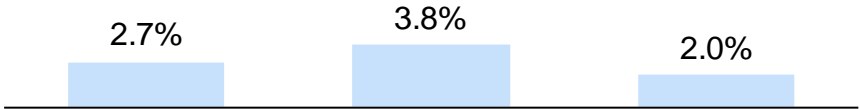
0.8

MassHealth²



1.3

Commercial³

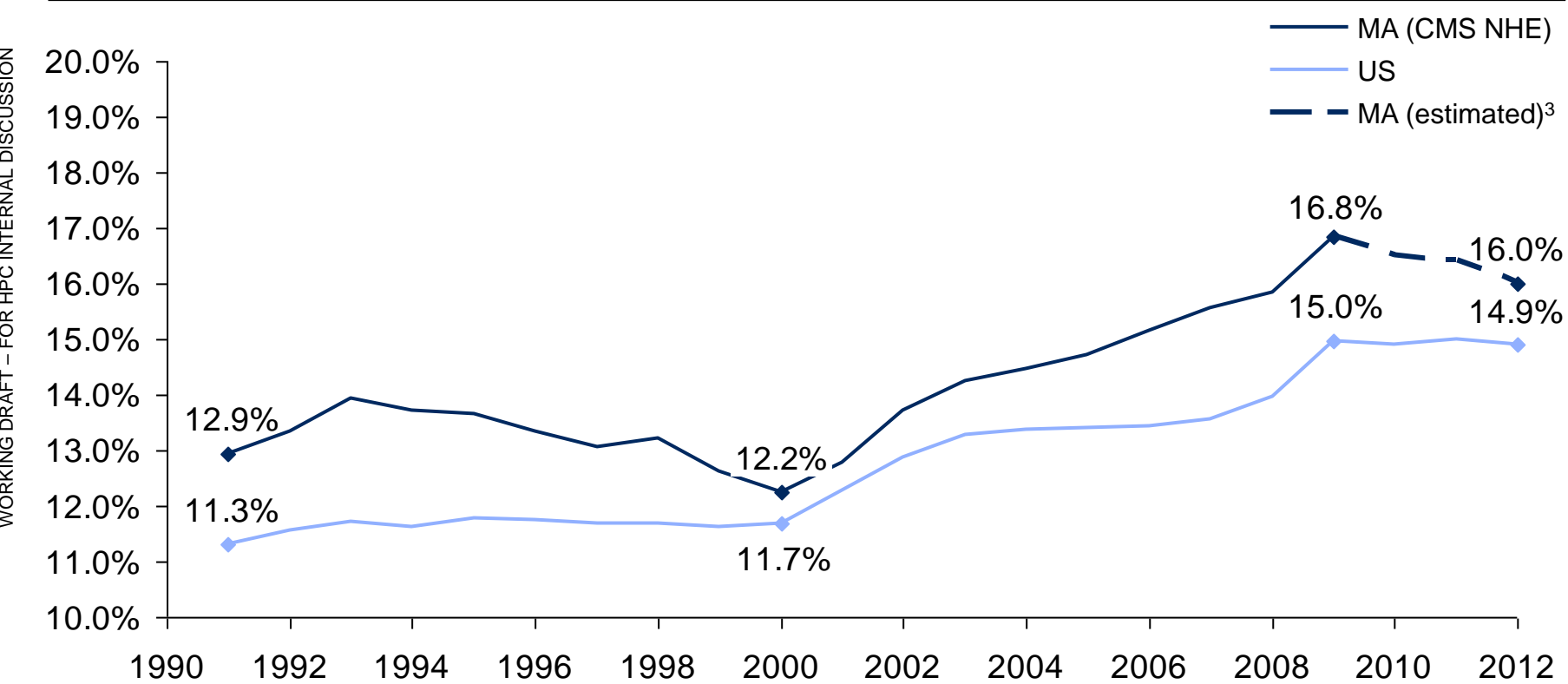


4.1

1 Trend for Medicare fee-for-service (Parts A, B, and D)
2 MassHealth cash spending and enrollment figures are reported by state fiscal year. Figures presented here are estimates of trend on a calendar-year time period. The negative growth in FY12 is due to cash management, contract efficiencies, reprocurement, and savings strategies implemented by MassHealth..
3 Figures for 2009-2010 and for 2010-2011 are based on CHIA analysis of Total Medical Expenses, while 2011-2012 growth is estimated based on pre-filed testimony submitted by payers

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Summary: how does Massachusetts compare to the US?

Massachusetts **has made progress** recently, growing at a slower rate than the nation after a decade of faster growth

- Opportunities are present in **both utilization and price**
- Three-fourths of the difference between Massachusetts and US per capita expenditures is explained by spending in **hospital care** and **long-term and home health care**
- **Difference in non-public spending** from US average is significantly greater than differences from US average in public payers

For discussion

-
- How can we maintain the progress of the last few years?
 - Where can we go further on utilization and price?
 - Where are opportunities for plans, providers, employers, consumers, and the state to play a role?
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